

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3438-01
Bill No.: HB 1289
Subject: Drugs and Controlled Substances; Health Care; Health Care Professionals;
Health, Public
Type: Original
Date: January 24, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General	(\$127,382)	(\$103,254)	(\$10,333)
Total Estimated Net Effect on <u>All</u> State Funds	(\$127,382)	(\$103,254)	(\$10,333)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Revenues and expenditures net to \$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** deferred their fiscal impact response to the Department of Transportation.

Department of Transportation (DHT) officials assume there would be no fiscal impact on the Highway and Patrol Medical Care Plan. DHT assumes all costs would be to the third party administrator.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would have a fiscal impact on its agency as follows. Currently DMS does not require the managed care companies to issue a uniform prescription drug information card. DMS checked with the managed care companies and found that they do not currently issue a pharmacy card separate from their membership card, therefore, this would be a new cost. DMS assumes there would be an increase in the administrative component of the capitation payment if this legislation passes. DMS states the cost per card (\$.85) was based on the current cost to produce an ID card, which includes postage. Managed care contracts will be rebid or renewed on the following timetable:

<u>Region</u>	<u>Rebid or Renewal Date</u>	<u>Number of Enrollees</u>
Eastern	12/01/02	291,061
Central	03/01/03	79,798
Western	02/01/04	151,761

DMS also assumes a six percent transfer rate between health plans.

FY 2003

Number of Eligibles	370,859
+ Anticipated Transfers	<u>15,679</u>
	386,538
x Cost of Card	<u>\$.85</u>
FY 2003 Cost	<u><u>\$328,558</u></u>

ASSUMPTION (continued)

FY 2004

Number of Eligibles	151,761
+ Anticipated Transfers	<u>31,357</u>
	183,118
x Cost of Card	<u>\$.85</u>
FY 2004 Cost	<u>\$155,650</u>

FY 2005

Number of Eligibles	31,357
x Cost of Card	<u>\$.85</u>
FY 2005 Cost	<u>\$26,654</u>

The projected cost is based on the current number of eligibles in managed care. If additional regions are converted to managed care or if the number of health plans increases or decreases there would be additional costs.

Officials from the **Department of Health and Senior Services (DOH)** assume this proposal would have a fiscal impact on the Missouri Senior Rx Program. DOH assumes there would be an increase in the administration costs for the Third Party Administrator if this legislation passes that would be passed on to the program through a contract amendment. DOH assumes fiscal year 2003 eligibles total 50,480 as estimated by the DOH actuary for HB 3 and SB 4 that passed in the 2001 Special Legislative Session would need new cards in Fiscal Year 2004. DOH assumes cards would be permanent and any additional cost for reissued or new cards would be absorbed by the program.

DOH states the cost per card (\$.85) was based on the DMS's experience with cost to produce ID cards, which include postage.

Number of eligibles	50,480
Cost per card	<u>\$.85</u>
	\$42,908

Missouri Consolidated Health Care Plan (HCP) officials assume this proposal requires plans and third party administrators for self-insured plans and the state administered plans to issue uniform prescription drug cards. HCP states this may require some programming costs for the plans or third party administrators; however, this cost is expected to be minimal.

Department of Insurance (INS) officials assume additional informational documents may be filed with INS as a result of this legislation, but are not policy form filings and therefore would

ASSUMPTION (continued)

not result in additional revenue. The INS would likely promulgate rules with respect to the mandates of this proposal. It is anticipated that current appropriations and staff will be able to absorb the additional workload of enforcement through the market conduct section for this single proposal. However, if additional proposals are approved during the legislative session, the department may need to request additional staff.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE FUND

<u>Cost</u> - Department of Social Services Costs to produce prescription cards	(\$127,382)	(\$60,346)	(\$10,333)
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<u>Cost</u> - Department of Health and Senior Services Costs to produce prescription cards	<u>\$0</u>	<u>(\$42,908)</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$127,382)</u>	<u>(\$103,254)</u>	<u>(\$10,333)</u>
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FEDERAL FUNDS

<u>Income</u> - Department of Social Services - Division of Medical Services Medicaid Reimbursements	\$201,176	\$95,304	\$16,321
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<u>Cost</u> - Department of Social Services - Division of Medical Services Costs to produce prescription cards	<u>(\$201,176)</u>	<u>(\$95,304)</u>	<u>(\$16,321)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal. However, the possible issuance of a prescription ID card may affect small pharmacies. It should decrease the time to process each prescription if all recipients have a uniform prescription ID card.

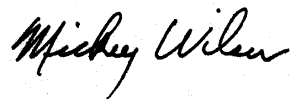
DESCRIPTION

This proposal requires all health benefit plans that provide coverage for prescription drugs to issue to their insureds a pharmacy ID card containing uniform prescription drug information. The card must be in a format approved by the National Council for Prescription Drug Programs and acceptable to the Director of the Department of Insurance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation
Department of Public Safety - Missouri State Highway Patrol



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